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ACTION EB-00

INFO	LOG-00	COPY-01	ADS-00	AID-00	INR-10	SS-00	CIAE-00
	DINT-05	DODE-00	H-01	NSCE-00	ARA-00	NSAE-00	COME-00
	L-03	CTME-00	TRSE-00	PM-10	OPIC-07	CEA-01	OMB-01
	STR-17	INRE-00	FRB-03	OES-09	ACDA-12	USIE-00	JUSE-00
	SP-02	DOEE-00	SNP-01	CEQ-01	PRS-01	E-01	T-01
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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 2241

INFO USDOC WASHDC

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E.O. 12356: NA

TAGS: EPET, EINV, CVIS, CO

SUBJECT: MORE PROBLEMS FOR OCCIDENTAL PETROLEUM

1. SUMMARY. OCCIDENTAL FEELS THE GOC AND ECOPETROL ARE UNFAIRLY DENYING ITS EMPLOYEES VISAS TO WORK IN COLOMBIA. OCCIDENTAL REPS SAID COMPANY HAS TRIED TO WORK OUT DEALS WITH ECOPETROL AND THE MINISTRY OF MINES TO RESOLVE THE PROBLEMS, BUT WITHOUT SUCCESS. OCCIDENTAL DOES NOT WANT SPECIAL TREATMENT, IT WANTS SOME SYSTEM THAT ALLOWS IT TO MEET ITS HIRING NEEDS AND MANAGE ITS WORKFORCE. OCCIDENTAL HAS ASKED EMBASSY TO HELP RESOLVE THE ISSUE. END SUMMARY.

2. ECONOMIC COUNSELOR, ECONOFF AND CONGEN MET WITH REPRESENTATIVES OF OCCIDENTAL PETROLEUM, AFTERNOON OF DECEMBER 14. OCCIDENTAL REPS BRIEFED EMBOFFS AS FOLLOWS:

OCCIDENTAL'S VISA PROBLEMS ARE NOT NEW. THE ISSUE HAS  
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PASSED THROUGH THREE DISTINCT PHASES. THE FIRST PHASE, COVERING SEPTEMBER 1985 TO MAY 1986, HAD THE GOC REFUSING TO ISSUE ANY VISAS TO OCCIDENTAL EXPATS. IN MAY OF 1985, A WORKING GROUP WAS SET UP CONSISTING OF

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UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: OSCAR J. OLSON  
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SENALDE COLOMBIAN LABOR MIGRATION COUNCIL, ECOPETROL, AND OCCIDENTAL TO TRY TO REACH AGREEMENT ON HOW TO SOLVE THE PROBLEM. ECOPETROL APPARENTLY BELIEVED AND STILL BELIEVES THAT OCCIDENTAL HAS TOO MANY EXPATS IN COLOMBIA. OCCIDENTAL ARGUES THAT IT CANNOT FIND PEOPLE LOCALLY WITH THE QUALIFICATIONS IT NEEDS. THE WORKING GROUP CAME UP WITH A PLAN WHICH COMMITTED OCCIDENTAL TO CHANGE OVER FROM EXPAT TO NATIONAL HIRE 125 POSITION IN ITS FIELD OPERATIONS AREAS; CREATE A REPLACEMENT/TRAINING PLAN TO PREPARE COLOMBIANS FOR AND PLACE THEM IN EXPAT POSITIONS; AND, TO DEVELOP A PERFORMANCE APPRAISAL SYSTEM. OCCIDENTAL COMPLIED WITH THE TIME FRAME SET UP.

PHASE II BEGAN IN FEBRUARY 1987 WHEN OCCIDENTAL WAS INFORMED BY THE COLOMBIAN LABOR MIGRATION COUNCIL THAT THE AGREEMENTS REACHED IN 1986 WERE NO LONGER VALID. THE COUNCIL ARGUED THAT THE MINISTRY OF MINES HAD NOT BEEN INVOLVED IN THE DECISION PROCESS AND THAT TOO GENEROUS STAFFING LEVELS HAD BEEN AUTHORIZED. IN RESPONSE, A NEW STUDY GROUP WAS SET UP AGAIN TO NEGOTIATE EXPAT STAFFING LEVELS. IN MARCH 1987, OCCIDENTAL WAS INFORMED THAT NO VISAS WOULD BE GRANTED UNTIL A NEW EXPAT REPLACEMENT PLAN FOR THE FIELD OPERATIONS WAS AGREED BETWEEN ECOPETROL AND OXY. IN JUNE 1987 OXY AGREED TO REDUCE BY 18 THE NUMBER OF EXPAT EMPLOYEES IN FIELD OPERATIONS AND TO REPLACE THEM WITH COLOMBIANS BY DECEMBER 1988. DURING THE SAME DISCUSSIONS, PRESENTATIONS FOR OXY'S BOGOTA STAFF

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POSITIONS BEGAN. THESE POSITIONS INCLUDE ADMINISTRATION, FINANCE, LEGAL, DRILLING, EXPLORATION, AUDIT, AND LATIN AMERICAN GROUP PERSONNEL. AGREEMENT WAS REACHED ON 24 EXPAT POSITIONS. PRESENTATIONS FOR OTHER FUNCTIONS BEGAN OCTOBER 24, WITH REDUCTION FROM 21 TO 4 POSITIONS BY 1992 AGREED TO. THE PRELIMINARY RESPONSE FROM ECOPETROL INDICATED THAT ONLY ONE POSITION COULD REMAIN EXPAT.

PHASE III IS CURRENTLY UNDERWAY AND BEGAN WHEN THE OFFICIAL RESPONSE FROM THE GOC CAME DIRECTLY FROM SENALDE AS A DECISION OF THE LABOR MIGRATION COUNCIL RATHER THAN OUT OF A NEGOTIATING SESSION BETWEEN THE VARIOUS ENTITIES INVOLVED. IT AUTHORIZED 7 POSITIONS

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WITH 6 MONTHS TO RELOCATE THE 14 NOW UNAUTHORIZED POSITIONS. OXY WAS NOT GIVEN A CHANCE TO DISCUSS OR NEGOTIATE THE DECISION.

3. CONGEN AND ECON COUNSELOR EXPRESSED OPINION THAT OCCIDENTAL FACED A CONTRACTUAL DISPUTE IN WHICH ECOPETROL WAS USING VISA ISSUANCE AS A LEVER, RATHER THAN A PURE VISA PROBLEM. CONGEN NOTED THAT THE GOC VISA OFFICE WAS A WEAK BODY AND WOULD GENERALLY FOLD ON VISA CASES IF TOLD TO DO SO BY A GOVERNMENT MINISTRY; HENCE, NO VISA ISSUANCE AFTER THE MINISTRY OF MINES AND ECOPETROL TOLD THEM NOT TO ISSUE UNTIL AGREEMENT ON EXPAT WORKERS WAS RESOLVED. OXY REP NOTED THAT THE COMPANY HAD WORKED HARD TO RESOLVE THE ISSUE AND THAT IT REALLY DID NOT WANT A LARGE EXPAT WORKFORCE BECAUSE OF THE COST THAT IMPLIED. HE SAID THAT UNTIL COLOMBIANS COULD BE TRAINED TO TAKE OVER POSITIONS, THE COMPANY HAD TO HAVE EXPATS IN ORDER TO OPERATE. WHAT THE COMPANY WANTS, HE EXPLAINED, WERE CLEAR RULES UNDER WHICH IT COULD WORK.

4. IN RESPONSE TO OXY REP REQUEST THAT THE EMBASSY DO  
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SUBJECT: MORE PROBLEMS FOR OCCIDENTAL PETROLEUM

SOMETHING TO HELP CLEAR UP THE PROBLEM, ECONCOUNS SUGGESTED THAT A LETTER FROM THE EMBASSY TO THE FOREIGN MINISTER WITH COPIES TO THE MINISTER OF MINES AND PRESIDENT OF ECOPETROL MIGHT BE POSSIBLE. OXY AGREED TO PROVIDE A LETTER DETAILING ITS COMPLAINTS ABOUT VISA TREATMENT. THIS INFORMATION WOULD BE INCLUDED IN THE EMBASSY'S LETTER IF THIS IS THE ROUTE EVENTUALLY CHOSEN. ECONCOUNS SUGGESTED THAT AN INDUSTRY-WIDE APPROACH TO THE PROBLEM WOULD BE MORE CREDIBLE THAN ONE SIMPLY DETAILING OXY'S PROBLEMS. IN THAT REGARD, HE ASKED WHETHER OTHER US COMPANIES WERE HAVING PROBLEMS. OXY REPS SAID THAT OTHER COMPANIES WERE FACING SIMILAR DIFFICULTIES BUT ON A LOWER SCALE BECAUSE THEY WERE MUCH SMALLER. OXY REPS SAID THEY WOULD TRY TO GET THE CENTRO DE INVESTIGACION DE LA INDUSTRIA PETROLERA (CIIP -- THE OIL SECTOR TRADE ASSOCIATION) TO WRITE A LETTER TO THE AMBASSADOR DETAILING THE VISA PROBLEMS OF ITS

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MEMBERSHIP. THE TWO LETTERS WOULD PROVIDE ENOUGH INFORMATION TO MAKE IT POSSIBLE TO DISCUSS GENERALIZED PROBLEMS AND TRY TO GET THE GOC TO RESOLVE THEM.

4. EMBASSY WILL KEEP DEPARTMENT INFORMED ON DEVELOPMENTS.  
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